

SACRED HEART SCHOOL (WAIKIWI)

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

School Directory

Ministry Number: 4013

Principal: Peter Forde

School Address: 435 North Road, Waikiwi, Invercargill

School Postal Address: 435 North Road, Waikiwi, Invercargill

School Phone: 03 215 7317

School Email: office@shsinv.school.nz

Members of the Board of Trustees

Name	Position	How Position Gained	Term Expires
Mark Lee	Chair Person	Elected	April 2019
Peter Forde	Principal	ex Officio	
Jeremy Winter	Parent Rep	Elected	April 2019
Brook Armishaw	Parent Rep	Elected	April 2019
Angela Gillespie	Parent Rep	Elected	April 2019
Father Tony Harrison	Proprietors' Rep	ex Officio	
Rose Buxton	Staff Rep	Elected	April 2019

Accountant / Service Provider: Maggie Turnhout

SACRED HEART SCHOOL (WAIKIWI)

Annual Report - For the year ended 31 December 2018

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Sacred Heart School (Waikiwi)

Statement of Responsibility

For the year ended 31 December 2018

The Board of Trustees accepts responsibility for the preparation of the annual financial statements and the judgements used in these financial statements.

The management (including the principal and others as directed by the Board) accepts responsibility for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of the school's financial reporting.

It is the opinion of the Board and management that the annual financial statements for the financial year ended 31 December 2018 fairly reflects the financial position and operations of the school.

The School's 2018 financial statements are authorised for issue by the Board.


Mark Lee
Board Chairperson


Signature of Board Chairperson

Date:

29/4/2019

Peter Forde
Principal


Signature of Principal

Date:

29/4/2019

Sacred Heart School (Waikiwi)

Statement of Comprehensive Revenue and Expense

For the year ended 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Revenue				
Government Grants	2	720,072	783,300	688,129
Locally Raised Funds	3	60,846	46,300	90,813
Use of Land and Buildings Integrated		125,200	125,200	125,200
Interest Earned		136	150	153
International Students	4	1,124	-	-
		907,378	954,950	904,295
Expenses				
Locally Raised Funds	3	31,662	24,000	24,238
Learning Resources	5	622,688	688,300	636,307
Administration	6	55,353	54,950	57,827
Finance		967	-	-
Property	7	180,350	187,700	179,465
Depreciation	8	18,650	14,500	16,861
Loss on Disposal of Property, Plant and Equipment		409	-	-
		910,079	969,450	914,698
Net Surplus / (Deficit) for the year		(2,701)	(14,500)	(10,403)
Other Comprehensive Revenue and Expenses		-	-	-
Total Comprehensive Revenue and Expense for the Year		(2,701)	(14,500)	(10,403)

The above Statement of Comprehensive Revenue and Expense should be read in conjunction with the accompanying notes.

Sacred Heart School (Waikiwi)**Statement of Changes in Net Assets/Equity**

For the year ended 31 December 2018

	Actual 2018 \$	Budget (Unaudited) 2018 \$	Actual 2017 \$
Balance at 1 January	104,064	104,064	111,493
Total comprehensive revenue and expense for the year	(2,701)	(14,500)	(10,403)
Capital Contributions from the Ministry of Education			
Contribution - Furniture and Equipment Grant	3,010	-	2,974
Equity at 31 December	104,373	89,564	104,064
Retained Earnings	104,373	89,564	104,064
Equity at 31 December	104,373	89,564	104,064

The above Statement of Changes in Net Assets/Equity should be read in conjunction with the accompanying notes.

Sacred Heart School (Waikiwi)

Statement of Financial Position

As at 31 December 2018

	Notes	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Current Assets				
Cash and Cash Equivalents	9	82,509	75,855	75,855
Accounts Receivable	10	32,101	31,431	31,431
GST Receivable		3,766	-	-
Prepayments		2,356	2,088	2,088
Inventories	11	1,780	2,029	2,029
		<u>122,512</u>	<u>111,403</u>	<u>111,403</u>
Current Liabilities				
GST Payable		-	582	582
Accounts Payable	13	45,287	44,932	44,932
Cyclical Maintenance - Current Portion	14	8,256	8,256	8,256
Finance Lease Liability - Current Portion	15	4,920	4,607	4,607
		<u>58,463</u>	<u>58,377</u>	<u>58,377</u>
Working Capital Surplus/(Deficit)		64,049	53,026	53,026
Non-current Assets				
Property, Plant and Equipment	12	43,298	41,754	56,254
		<u>43,298</u>	<u>41,754</u>	<u>56,254</u>
Non-current Liabilities				
Finance Lease Liability	15	2,974	5,216	5,216
		<u>2,974</u>	<u>5,216</u>	<u>5,216</u>
Net Assets		<u>104,373</u>	<u>89,564</u>	<u>104,064</u>
Equity		<u>104,373</u>	<u>89,564</u>	<u>104,064</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Sacred Heart School (Waikiwi)

Statement of Cash Flows

For the year ended 31 December 2018

		2018	2018	2017
	Note	Actual	Budget	Actual
		\$	(Unaudited)	\$
			\$	
Cash flows from Operating Activities				
Government Grants		183,833	183,300	184,013
Locally Raised Funds		59,722	46,300	86,933
International Students		1,124	-	
Goods and Services Tax (net)		(4,349)	-	1,429
Payments to Employees		(122,121)	(108,550)	(164,329)
Payments to Suppliers		(106,219)	(112,950)	(109,236)
Cyclical Maintenance Payments in the year		-	(8,250)	
Interest Paid		(967)	-	
Interest Received		136	150	153
Net cash from / (to) the Operating Activities		11,159	-	(1,037)
Cash flows from Investing Activities				
Purchase of PPE (and Intangibles)		(2,768)	-	(2,018)
Net cash from / (to) the Investing Activities		(2,768)	-	(2,018)
Cash flows from Financing Activities				
Furniture and Equipment Grant		3,010	-	2,974
Finance Lease Payments		(4,747)	-	(3,883)
Net cash from Financing Activities		(1,737)	-	(909)
Net increase/(decrease) in cash and cash equivalents		6,654	-	(3,964)
Cash and cash equivalents at the beginning of the year	9	75,855	75,855	79,819
Cash and cash equivalents at the end of the year	9	82,509	75,855	75,855

The statement of cash flows records only those cash flows directly within the control of the School. This means centrally funded teachers' salaries and the use of land and buildings grant and expense have been excluded.

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Sacred Heart School (Waikiwi)

Notes to the Financial Statements

For the year ended 31 December 2018

1. Statement of Accounting Policies

a) Reporting Entity

Sacred Heart School (Waikiwi) (the School) is a Crown entity as specified in the Crown Entities Act 2004 and a school as described in the Education Act 1989. The Board of Trustees (the Board) is of the view that the School is a public benefit entity for financial reporting purposes.

b) Basis of Preparation

Reporting Period

The financial reports have been prepared for the period 1 January 2018 to 31 December 2018 and in accordance with the requirements of the Public Finance Act 1989.

Basis of Preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been consistently applied throughout the period.

Financial Reporting Standards Applied

The Education Act 1989 requires the School, as a Crown entity, to prepare financial statements in accordance with generally accepted accounting practice. The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand, applying Public Sector Public Benefit Entity (PBE) Standards Reduced Disclosure Regime as appropriate to public benefit entities that qualify for Tier 2 reporting. The school is considered a Public Benefit Entity as it meets the criteria specified as "having a primary objective to provide goods and/or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for financial return to equity holders".

PBE Accounting Standards Reduced Disclosure Regime

The School qualifies for Tier 2 as the school is not publicly accountable and is not considered large as it falls below the expenditure threshold of \$30 million per year. All relevant reduced disclosure concessions have been taken.

Measurement Base

The financial statements are prepared on the historical cost basis unless otherwise noted in a specific accounting policy.

Presentation Currency

These financial statements are presented in New Zealand dollars, rounded to the nearest dollar.

Specific Accounting Policies

The accounting policies used in the preparation of these financial statements are set out below.

Critical Accounting Estimates And Assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Useful lives of property, plant and equipment

The School reviews the estimated useful lives of property, plant and equipment at the end of each reporting date. The School believes that the estimated useful lives of the property, plant and equipment as disclosed in the Significant Accounting Policies are appropriate to the nature of the property, plant and equipment at reporting date. Property, plant and equipment is disclosed at note 12.

Critical Judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

Classification of leases

The School reviews the details of lease agreements at the end of each reporting date. The School believes the classification of each lease as either operation or finance is appropriate and reflects the nature of the agreement in place. Finance leases are disclosed at note 15.

Recognition of grants

The School reviews the grants monies received at the end of each reporting period and whether any require a provision to carryforward amounts unspent. The School believes all grants received have been appropriately recognised as a liability if required. Government grants are disclosed at note 2.

c) Revenue Recognition

Government Grants

The school receives funding from the Ministry of Education. The following are the main types of funding that the School receives;

Operational grants are recorded as revenue when the School has the rights to the funding, which is in the year that the funding is received.

Teachers salaries grants are recorded as revenue when the School has the rights to the funding in the salary period they relate to. The grants are not received in cash by the School and are paid directly to teachers by the Ministry of Education.

Other Grants

Other grants are recorded as revenue when the School has the rights to the funding, unless there are unfulfilled conditions attached to the grant, in which case the amount relating to the unfulfilled conditions is recognised as a liability and released to revenue as the conditions are fulfilled.

Grants for the use of land and buildings are also not received in cash by the School as they equate to the deemed expense for using the land and buildings which are owned by the Proprietor. Use of land and building grants are recorded as income in the period the school uses the land and building.

Donations, Gifts and Bequests

Donations, gifts and bequests are recorded as revenue when their receipt is formally acknowledged by the School.

Interest Revenue

Interest Revenue earned on cash and cash equivalents and investments is recorded as revenue in the period it is earned.

d) Use of Land and Buildings Expense

The property from which the School operates is owned by the Proprietor. The expense is based on an assumed market rental yield on the land and buildings as used for rating purposes. This is a non-cash expense that is offset by a non-cash grant from the Proprietor.

e) Operating Lease Payments

Payments made under operating leases are recognised in the Statement of Comprehensive Revenue and Expense on a straight line basis over the term of the lease.

f) Finance Lease Payments

Finance lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term on an effective interest basis.

g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank balances, deposits held at call with banks, and other short term highly liquid investments with original maturities of 90 days or less, and bank overdrafts. The carrying amount of cash and cash equivalents represent fair value.

h) Accounts Receivable

Accounts Receivable represents items that the School has issued invoices for or accrued for, but has not received payment for at year end. Receivables are initially recorded at fair value and subsequently recorded at the amount the School realistically expects to receive. A receivable is considered uncollectable where there is objective evidence the School will not be able to collect all amounts due. The amount that is uncollectable (the provision for uncollectibility) is the difference between the amount due and the present value of the amounts expected to be collected.

i) Inventories

Inventories are consumable items held for sale and comprise of stationery and school uniforms. They are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. Net realisable value is the estimated selling price in the ordinary course of activities less the estimated costs necessary to make the sale. Any write down from cost to net realisable value is recorded as an expense in the Statement of Comprehensive Revenue and Expense in the period of the write down.

j) Investments

Bank term deposits for periods exceeding 90 days are classified as investments and are initially measured at the amount invested. Interest is subsequently accrued and added to the investment balance. After initial recognition bank term deposits are measured at amortised cost using the effective interest method less impairment.

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards. Share investments are recognised initially by the School at fair value plus transaction costs. At balance date the School has assessed whether there is any evidence that an investment is impaired. Any impairment, gains or losses are recognised in the Statement of Comprehensive Revenue and Expense.

After initial recognition any investments categorised as available for sale are measured at their fair value without any deduction for transaction costs the school may incur on sale or other disposal.

The School has met the requirements of Schedule 6 para 28 of the Education Act 1989 in relation to the acquisition of investment securities.

k) Property, Plant and Equipment

Land and buildings owned by the Proprietor are excluded from these financial statements. The Board's use of the land and buildings as 'occupant' is based on a property occupancy document.

Improvements to buildings owned by the Proprietor are recorded at cost, less accumulated depreciation and impairment losses.

Property, plant and equipment are recorded at cost or, in the case of donated assets, fair value at the date of receipt, less accumulated depreciation and impairment losses. Cost or fair value as the case may be, includes those costs that relate directly to bringing the asset to the location where it will be used and making sure it is in the appropriate condition for its intended use.

Property, plant and equipment acquired with individual values under \$1,000 are not capitalised, they are recognised as an expense in the Statement of Comprehensive Revenue and Expense.

Gains and losses on disposals (*i.e.* sold or given away) are determined by comparing the proceeds received with the carrying amounts (*i.e.* the book value). The gain or loss arising from the disposal of an item of property, plant and equipment is recognised in the Statement of Comprehensive Revenue and Expense.

Leased Assets

Leases where the School assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired by way of finance lease are measured at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Leased assets and corresponding liability are recognised in the Statement of Financial Position and leased assets are depreciated over the period the School is expected to benefit from their use or over the term of the lease.

Depreciation

Property, plant and equipment except for library resources are depreciated over their estimated useful lives on a straight line basis. Library resources are depreciated on a diminishing value basis. Depreciation of all assets is reported in the Statement of Comprehensive Revenue and Expense.

The estimated useful lives of the assets are:

Furniture and equipment	3 - 10 years
Leased assets held under a Finance Lease	3 years
Library resources	12.5% Diminishing value

l) Accounts Payable

Accounts Payable represents liabilities for goods and services provided to the School prior to the end of the financial year which are unpaid. Accounts Payable are recorded at the amount of cash required to settle those liabilities. The amounts are unsecured and are usually paid within 30 days of recognition.

m) Employee Entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to but not yet taken at balance date.

n) Provision for Cyclical Maintenance

The property from which the school operates is owned by the Proprietor. The Board is responsible for maintaining the land, building and other facilities on the School site in a state of good order and repair.

Cyclical maintenance, which involves painting the interior and exterior of the School, makes up the most significant part of the Board's responsibilities outside day-to-day maintenance. The provisions for cyclical maintenance represents the obligations the Board has to the Proprietor and is based on the Board's ten year property plan (10YPP).

o) Financial Assets and Liabilities

The School's financial assets comprise cash and cash equivalents, accounts receivable, and investments. All of these financial assets, except for investments that are shares, are categorised as "loans and receivables" for accounting purposes in accordance with financial reporting standards.

Investments that are shares are categorised as "available for sale" for accounting purposes in accordance with financial reporting standards.

The School's financial liabilities comprise accounts payable, borrowings, finance lease liability, and painting contract liability. All of these financial liabilities are categorised as "financial liabilities measured at amortised cost" for accounting purposes in accordance with financial reporting standards.

p) Goods and Services Tax (GST)

The financial statements have been prepared on a GST exclusive basis, with the exception of accounts receivable and accounts payable which are stated as GST inclusive.

The net amount of GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statements of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

q) Budget Figures

The budget figures are extracted from the School budget that was approved by the Board at the start of the year.

r) Services received in-kind

From time to time the School receives services in-kind, including the time of volunteers. The School has elected not to recognise services received in kind in the Statement of Comprehensive Revenue and Expense.

2. Government Grants

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Operational grants	177,735	175,000	178,442
Teachers' salaries grants	535,679	600,000	504,116
Resource teachers learning and behaviour grants	1,373	800	1,044
Other MoE Grants	5,285	7,500	4,527
	<u>720,072</u>	<u>783,300</u>	<u>688,129</u>

3. Locally Raised Funds

Local funds raised within the School's community are made up of:

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Revenue			
Donations	12,816	15,500	14,632
Activities	27,486	24,500	31,330
Trading	938	1,500	1,609
Fundraising	15,086	-	-
Other Revenue	4,520	4,800	43,242
	<u>60,846</u>	<u>46,300</u>	<u>90,813</u>
Expenses			
Activities	26,132	22,500	21,395
Trading	316	1,500	2,843
Fundraising costs	5,214	-	-
	<u>31,662</u>	<u>24,000</u>	<u>24,238</u>
<i>Surplus/ (Deficit) for the year Locally raised funds</i>	<u>29,184</u>	<u>22,300</u>	<u>66,575</u>

4. International Student Revenue

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
International student fees	1,124	-	-

5. Learning Resources

	2018	2018	2017
	Actual	Budget (Unaudited)	Actual
	\$	\$	\$
Curricular	14,062	20,600	14,958
Equipment repairs	585	500	678
Information and communication technology	4,276	7,500	4,324
Library resources	13	1,600	768
Employee benefits - salaries	593,814	650,300	606,500
Staff development	9,938	7,800	9,079
	<u>622,688</u>	<u>688,300</u>	<u>636,307</u>

6. Administration

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Audit Fee	2,500	2,500	5,035
Board of Trustees Fees	582	500	448
Board of Trustees Expenses	6,113	3,550	2,977
Communication	1,962	2,000	1,808
Consumables	1,908	1,200	2,270
Operating Lease	4,722	4,000	4,088
Other	1,034	4,500	6,811
Employee Benefits - Salaries	29,416	30,000	29,661
Insurance	2,641	2,300	529
Service Providers, Contractors and Consultancy	4,475	4,400	4,200
	55,353	54,950	57,827

7. Property

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Caretaking and Cleaning Consumables	3,584	3,500	4,334
Cyclical Maintenance Expense	-	8,250	(97)
Grounds	3,669	4,500	3,635
Heat, Light and Water	9,075	8,500	9,847
Rates	2,790	3,000	2,555
Repairs and Maintenance	4,113	6,500	4,795
Use of Land and Buildings	125,200	125,200	125,200
Employee Benefits - Salaries	31,919	28,250	29,196
	180,350	187,700	179,465

The use of land and buildings figure represents 8% of the school's total property value. Property values are established as part of the nation-wide revaluation exercise that is conducted every 30 June for the Ministry of Education's year-end reporting purposes.

8. Depreciation

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Furniture and Equipment	11,733	10,000	12,982
Leased Assets	5,810	3,500	2,861
Library Resources	1,107	1,000	1,018
	18,650	14,500	16,861

9. Cash and Cash Equivalents

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Cash on Hand	11,251	19,676	19,676
Bank Current Account	71,258	56,179	56,179
Cash and cash equivalents for Cash Flow Statement	82,509	75,855	75,855

The carrying value of short-term deposits with maturity dates of 90 days or less approximates their fair value.

10. Accounts Receivable

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Teacher Salaries Grant Receivable	32,101	31,431	31,431
	32,101	31,431	31,431
Receivables from Non-Exchange Transactions	32,101	31,431	31,431
	32,101	31,431	31,431

11. Inventories

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Stationery	502	2,029	2,029
School Uniforms	1,278	-	-
	1,780	2,029	2,029

12. Property, Plant and Equipment

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2018						
Furniture and Equipment	38,102	993	(2,160)		(9,573)	27,362
Textbooks	409		(409)		-	-
Leased Assets	10,619	3,379			(5,810)	8,188
Library Resources	7,124	1,775	(104)		(1,047)	7,748
Balance at 31 December 2018	56,254	6,147	(2,673)	-	(16,430)	43,298

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2018			
Furniture and Equipment	315,052	(287,690)	27,362
Leased Assets	17,994	(9,806)	8,188
Library Resources	18,566	(10,818)	7,748
Balance at 31 December 2018	351,612	(308,314)	43,298

	Opening Balance (NBV)	Additions	Disposals	Impairment	Depreciation	Total (NBV)
	\$	\$	\$	\$	\$	\$
2017						
Furniture and Equipment	49,316	1,768			(12,982)	38,102
Textbooks	409				-	409
Leased Assets	3,367	10,113			(2,861)	10,619
Library Resources	7,892	330	(80)		(1,018)	7,124
Balance at 31 December 2017	60,984	12,211	(80)	-	(16,861)	56,254

	Cost or Valuation	Accumulated Depreciation	Net Book Value
	\$	\$	\$
2017			
Furniture and Equipment	316,219	(278,117)	38,102
Textbooks	6,107	(5,698)	409
Leased Assets	14,615	(3,996)	10,619
Library Resources	16,895	(9,771)	7,124
Balance at 31 December 2017	353,836	(297,582)	56,254



13. Accounts Payable

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Operating creditors	3,195	699	699
Accruals	3,500	2,536	2,536
Employee Entitlements - salaries	32,101	31,431	31,431
Employee Entitlements - leave accrual	6,491	10,266	10,266
	<u>45,287</u>	<u>44,932</u>	<u>44,932</u>
Payables for Exchange Transactions	45,287	44,932	44,932
	<u>45,287</u>	<u>44,932</u>	<u>44,932</u>

The carrying value of payables approximates their fair value.

14. Provision for Cyclical Maintenance

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
Provision at the Start of the Year	8,256	8,256	8,353
Increase/ (decrease) to the Provision During the Year	8,250	8,250	8,250
Use of the Provision During the Year	(8,250)	(8,250)	(8,347)
Provision at the End of the Year	<u>8,256</u>	<u>8,256</u>	<u>8,256</u>
Cyclical Maintenance - Current	8,256	8,256	8,256
Cyclical Maintenance - Term	-	-	-
	<u>8,256</u>	<u>8,256</u>	<u>8,256</u>

15. Finance Lease Liability

The School has entered into a number of finance lease agreements for computers and other ICT equipment. Minimum lease payments payable:

	2018	2018	2017
	Actual	Budget	Actual
	\$	(Unaudited)	\$
No Later than One Year	5,971	6,865	6,865
Later than One Year and no Later than Five Years	3,606	5,941	5,941
Later than Five Years	-	-	-
	<u>9,577</u>	<u>12,806</u>	<u>12,806</u>

16. Related Party Transactions

The School is a controlled entity of the Crown, and the Crown provides the major source of revenue to the school. The school enters into transactions with other entities also controlled by the Crown, such as government departments, state-owned enterprises and other Crown entities. Transactions with these entities are not disclosed as they occur on terms and conditions no more or less favourable than those that it is reasonable to expect the school would have adopted if dealing with that entity at arm's length.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and condition no more or less favourable than those that it is reasonable to expect the school would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

The Proprietor of the School (Diocese of Dunedin) is a related party of the Board because the proprietor appoints representatives to the Board, giving the proprietor significant influence over the Board. Any services or contributions between the Board and Proprietor have been disclosed appropriately, if the proprietor collects fund on behalf of the school (or vice versa) the amounts are disclosed.

The Proprietor provides land and buildings free of charge for use by the Board as noted in Note 1(c). The estimated value of this use during the current period is included in the Statement of Comprehensive Revenue and Expense as "Use of land and buildings".

17. Remuneration

Key management personnel compensation

Key management personnel of the School include all trustees of the Board, Principal, Deputy Principals and Heads of Departments.

	2018 Actual \$	2017 Actual \$
<i>Board Members</i>		
Remuneration	582	448
Full-time equivalent members	0.05	0.06
<i>Leadership Team</i>		
Remuneration	201,537	198,431
Full-time equivalent members	2	2
Total key management personnel remuneration	202,119	198,879
Total full-time equivalent personnel	2.05	2.06

The full time equivalent for Board members has been determined based on attendance at Board meetings, Committee meetings and for other obligations of the Board, such as stand downs and suspensions, plus the estimated time for Board members to prepare for meetings.

Principal

The total value of remuneration paid or payable to the Principal was in the following bands:

	2018 Actual \$000	2017 Actual \$000
Salaries and Other Short-term Employee Benefits:		
Salary and Other Payments	110 - 120	110 - 120
Benefits and Other Emoluments	1 - 5	-
Termination Benefits	-	-

Other Employees

The number of other employees with remuneration greater than \$100,000 was in the following bands:

Remuneration \$000	2018 FTE Number	2017 FTE Number
	0.00	0.00
	-	-
	0.00	0.00

The disclosure for 'Other Employees' does not include remuneration of the Principal.

18. Compensation and Other Benefits Upon Leaving

The total value of compensation or other benefits paid or payable to persons who ceased to be trustees, committee member, or employees during the financial year in relation to that cessation and number of persons to whom all or part of that total was payable was as follows:

	2018 Actual	2017 Actual
Total	\$0	\$0
Number of People	-	-

19. Contingencies

There are no contingent liabilities (except as noted below) and no contingent assets as at **31 December 2018** (Contingent liabilities and assets at **31 December 2017**: nil).

Holidays Act Compliance – schools payroll

The Ministry of Education performs payroll processing and payments on behalf of school boards of trustees, through payroll service provider Education Payroll Limited.

The Ministry has commenced a review of the schools sector payroll to ensure compliance with the Holidays Act 2003. The initial phase of this review has identified areas of non-compliance, however the potential impact on any specific school or individual and any associated historical liability will not be known until further detailed analysis has been completed.

To the extent that any obligation cannot reasonably be quantified at 31 December 2018, a contingent liability for the school may exist.

20. Commitments

(a) Capital Commitments

As at 31 December 2018 the Board has not entered into any contract agreements for capital works.

(Capital commitments at 31 December 2017: nil)

(b) Operating Commitments

As at 31 December 2018 the Board has entered into the following contracts:

(a) operating lease of a photocopier & laptop;

	2018 Actual \$	2017 Actual \$
No later than One Year	281	4,088
Later than One Year and No Later than Five Years	-	-
Later than Five Years	-	-
	<u>281</u>	<u>4,088</u>

21. Managing Capital

The School's capital is its equity and comprises capital contributions from the Ministry of Education for property, plant and equipment and accumulated surpluses and deficits. The School does not actively manage capital but attempts to ensure that income exceeds spending in most years. Although deficits can arise as planned in particular years, they are offset by planned surpluses in previous years or ensuing years.

22. Financial Instruments

The carrying amount of financial assets and liabilities in each of the financial instrument categories are as follows:

Loans and receivables

	2018 Actual \$	2018 Budget (Unaudited) \$	2017 Actual \$
Cash and Cash Equivalents	82,509	75,855	75,855
Receivables	32,101	31,431	31,431
Total Loans and Receivables	114,610	107,286	107,286

Financial liabilities measured at amortised cost

Payables	45,287	44,932	44,932
Finance Leases	7,894	9,823	9,823
Total Financial Liabilities Measured at Amortised Cost	53,181	54,755	54,755

23. Events After Balance Date

There were no significant events after the balance date that impact these financial statements.

24. Comparatives

There have been a number of prior period comparatives which have been reclassified to make disclosure consistent with the current year.

Sacred Heart School (Waikiwi)

Kiwisport Statement

31 December 2018

Kiwisport is a Government funding initiative to support students' participation in organised sport.

In 2018, the school received total Kiwisport funding of \$1,470 (excluding GST). The funding was spent on providing opportunities for children to travel to sports events or having specialists take training at school.

Analysis of Variance 2018

School Name:	Sacred Heart School	School Number: 4013
Strategic Aim:	<ul style="list-style-type: none"> All students are able to effectively access the New Zealand Curriculum <ul style="list-style-type: none"> All students who have been identified as below school expectations in reading, writing and mathematics show accelerated progress. This progress is in relation to the targets and actions set in the annual plans. Implement programmes of work consistent with best practice to enhance student engagement and achievement. The Board is provided with progress and achievement information in relation to the NZ Curriculum. These reports clearly show progress of Ministry priority groups. 	
Annual Aim:	All students to succeed (achieve and progress) across the curriculum with special emphasis on literacy and numeracy	
Target:	<ul style="list-style-type: none"> That the target children below the literacy & mathematics standards will be working at or above the literacy & mathematics standards by the end of the year or on the anniversary of their time at school. <ul style="list-style-type: none"> Throughout the year children will be added to the target list. This means that they will not be included in the current year's results if they were identified as part of an anniversary report. 	
Baseline Data:	<p>Reading <u>End of Year 2017 / Start of Year 2018</u> 8 - boys 8 - girls 3 - Maori/Pac</p> <p>Maths <u>End of Year 2017 / Start of Year 2018</u> 4 - boys 4 - girls 2 - Maori/Pac</p> <p>Writing <u>End of Year 2017 / Start of Year 2018</u> 9 - boys 7 - girls 3 - Maori/Pac</p>	

Actions <i>What did we do?</i>	Outcomes <i>What happened?</i>	Reasons for the variance <i>Why did it happen?</i>	Evaluation <i>Where to next?</i>
<ol style="list-style-type: none"> Review assessment data to determine needs of cohort group <ul style="list-style-type: none"> Reading recovery Talk first RTLit Teacher's aide intervention Numeracy Initiative Basic facts programme Reciprocal teaching Moving Cog Feinstein Implement relevant programmes based upon need and resources available. Access specialist assistance from RTLB & GSE if appropriate. Staff PLD focus <ul style="list-style-type: none"> Curriculum delivery plans Consistent assessments Targeted areas of need (barriers to success) 	<p>Reading At End of Year 2018 11 - moved Below to At 2 - left 3 - stayed at below</p> <p>Maths At End of Year 2018 3 - moved Below to At 1 - left 4 - stayed at below</p> <p>Writing At End of Year 2018 10 - moved Below to At 2 - left 4 - stayed at below</p>	<p><u>Reading</u></p> <ul style="list-style-type: none"> 69% of the Target children achieved their goal of working at their expected level at the end of the year 19% who stayed below made ongoing progress but did not reach the expected level for their age. Two of the children have been referred for Reading Recovery <p><u>Writing</u></p> <ul style="list-style-type: none"> 63% of the Target children achieved their goal of working at their expected level at the end of the year 25% who stayed below made ongoing progress but did not reach the expected level for their age. Two of these children have had ongoing remedial assistance over prior years. <p><u>Maths</u></p> <ul style="list-style-type: none"> 38% of the Target children achieved their goal of working at their expected level at the end of the year 50% who stayed below made ongoing progress but did not reach the expected level for 	<ul style="list-style-type: none"> We will look to continue the interventions used in 2018 (minus Numeracy Initiative) as they are affordable and manageable under our current staffing levels. Added in 2019 will be a focus on the children deemed to be Above. At the start of 2019 we had: <ul style="list-style-type: none"> Reading – 25% Writing 14% Maths – 25% The numbers have been consistent over prior years and we don't have sufficient data on what we are specifically doing to raise the children to this level or what keeps them there.

<p>4. Introduce TAPs (Teacher Action Plans)</p> <p>5. Numeracy lead teacher to co-ordinate staff PLD, including analysis of data and review of curriculum plans.</p> <p>6. Staff to observe Numeracy facilitator and attend relevant PLD</p> <p>7. Work with parents and families around ways to support students' learning via 3-way goal setting interviews.</p> <p>8. Monitor progress of targeted students to access on-going needs</p> <p>9. Investigate different school systems including Play-based learning in Year 1-2, changes to interval times and increased technology use.</p>		<p>their age.</p> <ul style="list-style-type: none"> • In 2018 we employed a teacher to run the Numeracy Initiative and all the children who took part reached their expected levels. Three of the four children who stayed Below will continue to receive assistance in 2019. • All the strategies used had a positive effect on achieving our targets. • Programmes such as Reading Recovery, Reciprocal Teaching and the Numeracy Initiative reinforced by in class teachers' Aides interventions greatly enhance the classroom teachers ability to provide assistance for these children. • Our home-school communication and 3-way interviews also ensure there is a shared understanding of what needs to happen at home. • Teacher Action Plans were introduced via Assembly and provide an easily accessible snapshot of what is happening. • Additions to our assessments on Assembly also makes it easier to share data with parents and we have been asked to trial the new parent portal in 2019. 	
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		<ul style="list-style-type: none"> Play based learning has been an addition to our strategies and while it is hard to make data driven observations it is noticeable that for an increasing number of our children the ability to be physically active engaged in team building experiences has been beneficial to their behaviour leading to a more positive classroom environment. 																																																									
Planning for next year:																																																											
<table> <tr> <th colspan="4">Start of Year 2019 Data</th></tr> <tr> <th></th><th>Reading</th><th>Writing</th><th>Mathematics</th></tr> <tr> <td>Boys</td><td>6</td><td>8</td><td>8</td></tr> <tr> <td>Girls</td><td>5</td><td>5</td><td>8</td></tr> <tr> <td>NZE</td><td>5</td><td>8</td><td>10</td></tr> <tr> <td>Maori</td><td>2</td><td>3</td><td>3</td></tr> <tr> <td>Pacific</td><td>2</td><td>0</td><td>0</td></tr> <tr> <td>Asian</td><td>1</td><td>1</td><td>2</td></tr> <tr> <td>Other</td><td>1</td><td>1</td><td>1</td></tr> <tr> <td>Year 2</td><td>5</td><td>2</td><td>2</td></tr> <tr> <td>Year 3</td><td>4</td><td>4</td><td>6</td></tr> <tr> <td>Year 4</td><td>1</td><td>2</td><td>2</td></tr> <tr> <td>Year 5</td><td>1</td><td>3</td><td>5</td></tr> <tr> <td>Year 6</td><td></td><td>1</td><td>1</td></tr> </table>				Start of Year 2019 Data					Reading	Writing	Mathematics	Boys	6	8	8	Girls	5	5	8	NZE	5	8	10	Maori	2	3	3	Pacific	2	0	0	Asian	1	1	2	Other	1	1	1	Year 2	5	2	2	Year 3	4	4	6	Year 4	1	2	2	Year 5	1	3	5	Year 6		1	1
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INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF SACRED HEART SCHOOL'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

The Auditor-General is the auditor of Sacred Heart School (Waikiwi) (the School). The Auditor-General has appointed me, G N Thomas, using the staff and resources of BDO Invercargill, to carry out the audit of the financial statements of the School on his behalf.

Opinion

We have audited the financial statements of the School on pages 2 to 17, that comprise the statement of financial position as at 31 December 2018, the statement of comprehensive revenue and expense, statement of changes in net assets/equity and statement of cash flows for the year ended on that date, and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the School:

- present fairly, in all material respects:
 - its financial position as at 31 December 2018; and
 - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Sector – Public Benefit Entity Standards, Reduced Disclosure Regime.

Our audit was completed on 29th April 2019. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board of Trustees and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Trustees for the financial statements

The Board of Trustees is responsible on behalf of the School for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Board of Trustees is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Trustees is responsible on behalf of the School for assessing the School's ability to continue as a going concern. The Board of Trustees is also responsible for disclosing, as applicable, matters related to going concern and using the going

concern basis of accounting, unless there is an intention to close or merge the School, or there is no realistic alternative but to do so.

The Board of Trustees' responsibilities arise from the Education Act 1989.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the School's approved budget.

We did not evaluate the security and controls over the electronic publication of the financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the School's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the School to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We assess the risk of material misstatement arising from the Novopay payroll system, which may still contain errors. As a result, we carried out procedures to minimise the risk of material errors arising from the system that, in our judgement, would likely influence readers' overall understanding of the financial statements.

We communicate with the Board of Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Trustees is responsible for the other information. The other information comprises the analysis of variance, kiwisport paragraph and BOT listing included on pages 18 to 22 and the title page respectively, but does not include the financial statements, and our auditor's report thereon.

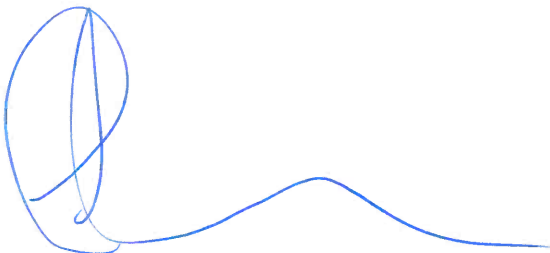
Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the School in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with or interests in the School.

A handwritten signature in blue ink, consisting of a large, stylized 'G' followed by a long, horizontal, wavy line.

G N Thomas
BDO Invercargill
On behalf of the Auditor-General
Invercargill, New Zealand